

POLLUTION CONTROL FINANCING AUTHORITY
OF WARREN COUNTY

MINUTES OF REGULAR MONTHLY MEETING

July 22, 2019

Chairman James Cannon called the regular monthly meeting of the Pollution Control Financing Authority of Warren County to order at approximately 9:34 AM.

Authority Members present: James Cannon, Dan Perez, Richard Mach, Bud Allen and Joseph Pryor.

Also present: James Williams, Director of Operations; Brian Tipton, General Counsel; Ed Smith, Confidential Aide, Board of Chosen Freeholders, (will be referred to as Advisor) Kim Whelan, Acacia Financial Group; Jamie Banghart, Administrative Supervisor and Mariann Cliff, Recording Secretary.

Mr. Cannon stated that he would like to call the meeting of the PCFA to order July 22nd 2019.

Mr. Cannon asked to call the roll.

ROLL CALL:	Mr. Perez	-	Present
	Mr. Mach	-	Present
	Mr. Pryor	-	Present
	Mr. Allen	-	Present
	Mr. Cannon	-	Present

The Pledge of Allegiance was led by Chairman Cannon.

Mr. Cannon read the following statement: “Adequate notice of this meeting of July 22, 2019 was given in accordance with the Open Public Meetings Act by forwarding a schedule of regular meetings of the Pollution Control Financing Authority of Warren County (PCFAWC) to the Warren County Clerk, the Warren County Board of Chosen Freeholders, The Express-Times, and by posting a copy thereof on the bulletin board in the office of the PCFAWC. Formal action may be taken by the PCFAWC at this meeting. Public participation is encouraged”.

Mr. Cannon stated good morning again everyone, and then said that they would have a Bond Counsel coming in to go over some information. Then asked if that should be all done in Public session. Mr. Williams stated that he thought that it could, but that it was up to the board. Mr. Williams did not think that there was anything confidential in the presentation.

Mr. Cannon asked Mr. Pryor if he thought there was anything in there that was private. Mr. Pryor stated that these were only projections and that there was really no reason to go into executive session with it. Mr. Williams stated that it was information that you could find on our website.

MINUTES

Mr. Cannon stated let us move on to the minutes, the first one is the regular monthly meeting minutes of June 24, 2019 M-1. Then asked if anyone had any questions, comments, corrections.

Mr. Cannon stated that he thought the minutes were fantastic, he did not have a single correction, and not even a period was missing.

Mr. Pryor stated that he was not here, but he read them anyway, they were brief and to the point and they looked good to him.

Mr. Perez asked if Mr. Cannon had said January. Mr. Cannon replied that no, he said June.

Mr. Allen stated that he did not have any corrections.

M-1 regular Meeting Minutes June 24, 2019

Mr. Cannon asked, if everyone was good could he get a motion to approve the minutes from June 24, 2019 as is.

Mr. Allen stated that he would make the motion to approve.

Mr. Perez stated that he would second the motion.

Mr. Cannon asked to call the roll.

ROLL CALL:	Mr. Perez	-	Yes
	Mr. Mach	-	Yes
	Mr. Pryor	-	Abstain
	Mr. Allen	-	Yes
	Mr. Cannon	-	Yes

M-2 Executive Session minutes, 2019

Mr. Cannon asked if anyone had any corrections or questions from the June 24, 2019 M-2 Executive Session minutes.

Mr. Cannon stated that hearing none could he get a motion to approve the Executive minutes from June 24, 2019.

Mr. Allen stated that he would make the motion to approve.

Mr. Perez stated that he would second the motion.

Mr. Cannon asked if there were any further questions and hearing, none asked to call the roll.

ROLL CALL:	Mr. Perez	-	Yes
	Mr. Mach	-	Yes
	Mr. Pryor	-	Abstain
	Mr. Allen	-	Yes
	Mr. Cannon	-	Yes

CORRESPONDENCE

Mr. Cannon stated that they had a letter from the State and County, regarding the lots/blocks. The State basically said sure and gave their stamp of approval from what he could tell. Mr. Williams replied that it pretty much the gist of it.

Mr. Cannon asked that there was no modification, no changes at all. Mr. Williams replied no.

Advisor Smith stated that not for the Solid Waste Management Plan though. Mr. Cannon replied no, this was for the lots and blocks. Advisor Smith replied ok, well the Solid Waste Management Plan amendment shadowed that too. Mr. Cannon agreed then stated that with the blocks/lots, all of it was accepted as presented to them, there were no changes required. Mr. Cannon continued that, that was good, it was a big hurdle to get that done. Then asked Mr. Williams if he had anything to add concerning that. Mr. Williams replied no.

Mr. Mach stated that there was an announcement that the auction was going to be held for some lots and blocks. Then asked if anyone had seen that? Advisor Smith stated that it was just the triangular piece of land.

Mr. Cannon asked if anyone had any other questions or comments about that. Then stated hearing none Mr. Williams, you can proceed.

FINANCE

Mr. Williams stated that the next item would be A-1, the financial report. Nothing major going on there except the leachate hauling is through the roof as you can see on page 5. Mr. Williams stated that they were finally able to get ahead and cut one of the haulers off. As long as this rain stops they were hoping to have everything completely gone within the next two or three weeks. Meaning all the lagoons empty, leachate tanks empty and finally get themselves back to where it should be.

Mr. Cannon asked if Clean Harbors was eliminated. Mr. Williams replied that yes Clean Harbors was one that was eliminated.

Mr. Williams stated that the haulers just last month alone hauled out close to five million gallons. That was just one month, so they all really stepped up to the plate. Of course, it is reflected in the billing.

****Mrs. Kim Whelan, Acacia Financial Group entered the Board Room at 9:39.***

Mr. Williams stated hello Mrs. Whelan.

Mrs. Whelan replied good morning.

Mr. Cannon replied good morning, and then replied to Mr. Williams so, Gary Gray was happy.

Mr. Williams replied yes Gary Gray was a big help, along with Russel Reid. Russel Reid actually purchased the leachate hauling company that the PCFA was using. Mr. Cannon replied oh really! Mr. Williams replied yes A.W.S.

Mr. Cannon asked if they were the ones, that when we put it out to bid, they could not make the bid?

Mr. Williams stated that yes, Russel Reid was actually higher priced and now they have to honor the contract, and they are. As they get closer, Mr. Williams has asked Mr. Tipton and Mrs. Fina to look at the leachate-hauling bid to see what, if any, modifications we would be able to make on that.

Mr. Williams stated that one thing that he wanted to ask Mr. Tipton is to look into it a bit further, there is a two-year contract with the extension of two additional one-year terms. Could the PCFA enforce that on them at the price that they have given us? If we can, there is a period prior to the expiration that we have to give them notification.

Mr. Cannon asked if it was up next spring. Mr. Williams replied that no it is actually up in October of this year.

Mr. Cannon replied ok then we need to make some decision next month.

Mr. Pryor stated that he would be curious what the rainfall was this year. Mr. Williams stated that he could have that for next month. Mr. Pryor stated that classically about 45 inches was New Jersey's median, and he was curious to see if this excess leachate is a direct result of rainfall or not. Mr. Williams replied that some of this, actually a good portion of it started last fall and it just rolled into the present backlog.

Mr. Cannon stated that he thinks that the rainfall would be over 45 inches. Mr. Mach stated that it could be. Mr. Pryor replied that he was curious. Mr. Cannon stated that he was curious also but that he is thinking that it is going to be higher.

Mr. Williams stated that other than that there is really nothing more regarding the financial report.

Mr. Cannon stated that as he always likes to ask Mrs. Banghart about the aging report in the 60 to 90 days overdue, had the DOT paid. Mrs. Banghart replied that they had paid. Mr. Cannon replied and how about the rest of our 31 to 60 days overdue. Mrs. Banghart replied that they were all good.

Mr. Cannon stated ok, does anyone else have any questions on the bills including the couple from last month and also the new ones from this month. Again, last month was high also because of the machine that they got in and it was paid in full, correct?

Mr. Williams replied correct. Mr. Cannon asked how much it was again. Mr. Williams replied that it was \$137,000.00 or \$139,000.00. Mr. Cannon stated ok, and that is what drove up last month's number. The numbers this month are more back in line where they should be.

Mr. Williams replied except for the leachate hauling.

Mr. Cannon stated that yes the leachate hauling, but there was no other big item. He continued, like the first quarter we had the insurance payments, then we had the new tractor. So now, everything is the same except for the leachate.

Mr. Cannon asked if anyone had any questions, comments, or line items that, you are wondering about. Mr. Perez asked if the warranty on the new dozer was ever straightened out. Mr. Williams replied that it initially came with a 3-year contract. Mr. Williams stated that he does have the offer of the extended warranty to a 5-year and he will have it for the Board at the next meeting. Mr. Williams stated that remember we spoke to them about getting that extension to the extension of the warranty.

Mr. Pryor asked if it was from the vendor or is it from a 3rd party? Mr. Williams replied it is from the vendor directly. Mr. Cannon stated that we have 22 months left on our current warranty. Do we have any timeframe that we have to decide yes or no on the extension? Mr. Williams replied that what the vendor has said to him was before the original warranty expires. Mr. Williams stated we have time but he thought they could get it done now and get it out of the way before something changes.

Mr. Cannon stated that you could weigh it two ways, one is you could be 20 months down the road with things falling apart left and right then we want the extended warranty. The other scenario was you get it up front and then you wind up not needing it. Mr. Perez asked if you would also have to put the money up front. Mr. Cannon stated that yes of course once you sign up for it you would have to pay for it.

Mr. Cannon asked Mr. Williams if he would have that information for the Board next month. Mr. Williams replied yes.

Mr. Cannon asked if anyone else had any other questions about the bills, hearing none he then asked if anyone would like to make a motion on the resolution to pay the bills today July 22, 2019 in the amount of \$684,132.81.

On a motion by **Mr. Pryor**, seconded by **Mr. Mach**, the following resolution was adopted by the Pollution Control Financing Authority of Warren County at a meeting held on *July 22, 2019*.

R E S O L U T I O N

R-07-01-19

To Pay Bills – July 22, 2019

WHEREAS, the Pollution Control Financing Authority of Warren County has been presented with invoices for services, supplies and other materials rendered to it or on its behalf;

NOW, THEREFORE, be it resolved by the Pollution Control Financing Authority of Warren County that the following bills be paid:

See Attached

ROLL CALL: Mr. Perez - Yes
 Mr. Mach - Yes
 Mr. Pryor - Yes
 Mr. Allen - Yes
 Mr. Cannon - Yes

We hereby certify Resolution to Pay Bills in the amount of \$684,132.81 to be a true copy of a resolution adopted by the Pollution Control Financing Authority of Warren County on the *22nd day of July, 2019*.

 Mariann Cliff
 Recording Secretary

 James Williams
 Director of Operations

Approved: July 22, 2019

Mr. Williams stated that the next item is regarding the Audit, he believes that Mrs. Banghart had emailed that to everyone. The PCFA just received it last Friday and he asked Mrs. Banghart to email it to everyone so it is included on the agenda. If the Board would like to approve it there are 2 items that will need to be done, the resolution approving the audit and then the A-2 which is the affidavit form for the annual audit. That will require actual signatures no photocopies can be sent.

Mr. Allen asked what exactly the problem with the state was. Mr. Williams replied that it had to do with the state pensions and benefits. The State did not issue the new number on time, they issued it late for the auditor to use to do their calculations and they could not finish it without the number. Mrs. Banghart stated that it was something to do with pension benefits even the school districts had the same problem in the fall, they fell behind by six months. Therefore, it affected everyone's audits. Mr. Williams stated that the auditor could have guessed at it but they did not want to do that and then have to go back and revise everything when the real number came out. Mr. Allen stated ok.

Mr. Cannon stated that he was just reading a couple of recommendations some are not a problem but they could not understand some of the professional ones. This one he had to read aloud: disbursements reviewed however determined whether a clear cut violations existed, none were noted, Mr. Cannon stated that he just wanted to say that for the record.

Mr. Cannon asked if anyone else had any questions, hearing none could he get a motion to approve resolution R-07-02-19 for the Governing Body Certification of the Annual Audit.

Mr. Allen stated that he would make the motion.
Mr. Mach seconded the motion.

The following resolution was adopted by the Pollution Control Financing Authority of Warren County at a meeting held on July 22, 2019.

R-07-02-19 for the Governing Body Certification of the Annual Audit

ROLL CALL:	Mr. Perez	- Abstain
	Mr. Mach	- Yes
	Mr. Pryor	- Yes
	Mr. Allen	- Yes
	Mr. Cannon	- Yes

Mr. Cannon holding the Affidavit form asked Mr. Williams if he had a sheet started for the signatures. Mr. Williams stated no they did not start anything yet. Mr. Cannon stated to the Board that before they leave today everyone had to sign the Affidavit. Mr. Cannon asked if there was anything else with this. Mr. Williams stated that no there was not.

PRESENTATIONS

A-3

Mr. Williams stated that the next item was A-3 Mrs. Whelan is here regarding the three financial proforma's she put together for us. Mr. Williams informed Mrs. Whelan that everyone had a copy of the proforma and then stated that briefly what Mrs. Whelan has put together is the first financial proforma you will see is where the Authority is contributing none of their funds towards the bonding for Cell 7, which goes out 14 years. The second one is the Authority using, using seven million of the Authorities money and bonding it out for 14-year period. These are just arbitrary numbers they put in. The third option is using seven million of the Authorities money and bonding it out only 10 years for the project. Mr. Pryor asked what is the life of Cell 7? Mr. Williams replied that Cell 7 is about 14 years.

Mr. Cannon asked if these are just numbers that we picked for benchmarking. Mr. Williams replied yes, what these are and Mrs. Whelan will get into it a bit further, what these numbers here today will be used for is for Mrs. Whelan to put in an application. Mr. Williams stated that he would let Mrs. Whelan take it from there.

Mrs. Whelan stated that the first reason that they put the numbers together is really for the rating agencies. Because our first step is to try to see if the PCFA can get an investment grade rating on its own. If so, you would not need any type of enhancement whether it be a County guarantee or insurance or anything of that nature. Mrs. Whelan continued that they wanted to see for their own purposes using the three scenarios what your general fund or surplus fund would look like. What the rating agencies are going to require is some type of coverage of your debt service. This is typically a

1.2 coverage in this situation, because it is solid waste, they may ask for a 1.3 coverage. Therefore, Acacia wanted to run through the proforma using numbers that they got either directly through your audit or from Mr. Williams.

Mrs. Whelan continued then we will see how that would play out running the debt service through first, over 14 years with no contribution then the second scenario 14 years with a seven million dollar contribution and then in the last scenario tightening up even more and going out only 10 years with the seven million contribution. If you look at the three sets of numbers, you will see the surplus is more significant when you go out for the 10 years. Therefore, that is something that we would want to present if the rating agencies ask for it. Now what they typically do, we have already had brief discussions with Moody's, is they are going to ask us for the last five years of your audits, they will ask for your cash flow information. Then they will ask Acacia for the best-case scenario as to how the debt will be modeled. Then they will crunch their own numbers and ask us questions.

Mr. Cannon stated that he would like to just stop there, that percentage of the 1.2 and the 1.3 where is that reflected. Mrs. Whelan replied that would be your net revenues, the total revenues less operating. Your net revenues over your debt service. That is what they want to see. Mr. Cannon stated right but you did not do the percentages, so we do not know where they came in. Mrs. Whelan replied what they feel they would have a comfort zone in looking at these numbers using that 1.2 coverage. The issue is going to be whether they want a little bit more because solid waste in the agencies mind is more unknown. Mr. Cannon replied sure he understands, what he is asking is did Mrs. Whelan set it at 1.2 as it is here? Mrs. Whelan replied that they just ran it. Mr. Cannon asked and what do these produce. Mrs. Whelan replied they produced around 1.2 coverage. Mr. Cannon replied ok that is what he was looking for.

Mrs. Whelan stated the real issue is going to be, the first question that they had for us was, is there any security being pledged. For example in some cases if you had a building or a facility like the incinerator, is that being pledged to the bond? In this our answer is no, what you are pledging is your revenues and perhaps you may even promise them to keep a certain reserve. Mr. Cannon replied that we would not do that right away maybe we would do it down the road. Mrs. Whelan stated yes, also they are going to ask to see the PCFA's contracts, and they will want to see the history of your contracts. How long have you had haulers for example how long has hauler X been with you, how long has this municipality been with you? The one thing that they would love to see is these contracts for ten years. Take the 10- year scenario of your debt they would love to see the contracts over 10 years to secure the debt. We all know in this business, it does not work that way.

Mr. Cannon stated that they want to know that we are ok.

Mrs. Whelan stated that they have to see that there has been continuity in your contracts. That your waste flow has been at sufficient levels. The other question that they are going to have is what is what does your capacity look like. The PCFA is building Cell 7 and then Cell 6 so that will give them more comfort in that you will have the capacity for the life of the debt.

Mr. Pryor stated that he had a question on the spreadsheet he is not following something, in 2019 to 2020 we have a revenue. Mr. Cannon asked which one he was looking at. Mr. Pryor stated that he was looking at the first scenario.

Mr. Pryor continued with they have the PCFA's revenues jumping from 5.7 million to about 7.8 million but our usage over those two years is still 100,000. Then from 2020 to 2021 we jumped to 200,000 in usage but our revenue goes up only the 1% for tipping fees.

Mr. Cannon stated that Mr. Pryor went too fast.

Mr. Pryor replied let us go to the revenues for 2019 the total landfill revenues are 5.7 million. Mr. Cannon stated correct. Mr. Pryor continued in 2020 it jumps to 7.8 million, now let us go down to the bottom and you will see that the usage is 100,000 for both of those years so he does not see the reason for the jump. Now when we go from 2020 to 2021 the usage goes from 100,000 to 200,00 but we do not see an increase in revenue.

Mr. Cannon stated that he thinks that 2021 is including the expansion and 2020 should not. Mrs. Whelan stated that that was correct that 2020 does not that is correct. Mr. Cannon stated but it does on the total landfill revenues for 2020. Mr. Cannon stated that Mr. Pryor is stating that the 2020 total landfill revenue should be 5.7 million not 7.8 million.

Mrs. Whelan replied oh yes she does see what he was saying. Mr. Cannon stated that that number should carry over one more column. Mrs. Whelan replied yes one more column because it is not going to kick in until 2021. Mr. Cannon stated that was a good catch Mr. Pryor. Mrs. Whelan stated then the difference should show once the capacity comes on line. Mr. Cannon, Mr. Pryor and Mr. Williams all replied yes.

Mr. Pryor stated that he had some general questions. Mrs. Whelan replied of course go ahead. Mr. Pryor stated that Mrs. Whelan and he had met previously, he had spent a good part of his career down in Camden, he knows that she did also. Mr. Pryor continued that with the money that we have now are we going to set up any kind of funds renewal and replace or bond reserve or something. Mrs. Whelan replied that is something that the rating agencies may require. Mr. Pryor stated then that is for further discussion? The more that you do that the stronger your application would look.

Mrs. Whelan replied right and the stronger the probability of you getting an investment grade rating. An investment grade rating starts at BBB or BAA so once we establish the threshold they may ask for additional security.

Mr. Cannon stated that with everything they may require the contracts and years, which should all be fine in his opinion, then we get that rating and maybe even higher.

Mrs. Whelan replied they can give you the rating and then say but once you put the debt on line through the infrastructure guide they may want you to have more of a reserve of some sort. You are now making debt service payments that you did not have before so they may require you to have additional funds on hand.

Mr. Pryor replied or the more you offer you may get a better rating. Mrs. Whelan stated yes. Mr. Pryor stated but that discussion is all down the road. Mrs. Whelan replied yes that is down the road and the good news there is, we just want you to get an investment grade rating that is our goal. Because you will issue through the infrastructure bank and they have a AA rating, you will get half of your proceeds issued at 0% and then the other half at a market rate. So your blended rate is going to be around 1.5% or something close to that.

Mr. Pryor stated that as he remembers they bundle all of the applicants so you are just one of many. Mrs. Whelan stated that when you first issue through the infrastructure bank you will first get a project note so the interest will be even less because it will be a short term note. What they want is your Cell to be 80% complete before they issue a long-term bond. That is how it typically works with the infrastructure bank.

Mr. Cannon asked would they be able to handle the construction fees if we had to wait for 80% complete.

Mrs. Whelan replied that you would still get the proceeds through a bridge loan or construction loan. It is just at a lower interest rate then you take it out long term once your project is near 80% complete it is not always perfectly aligned, but they want to be sure that you are keeping up with your construction schedule.

Mr. Cannon stated that we also do not want to mention to them that we have a 32 million dollar nest egg but it is restricted. Mr. Pryor stated that he had another question that is more curiosity than anything, how do you decide which rating agency to talk to.

Mrs. Whelan stated that we found that Moody's is the friendliest to solid waste and they have a better understanding of New Jersey solid waste than the other rating agencies. That is why we went to them first. Mrs. Whelan stated that they also deal with Moody's for most utility work even when it is water or sewer, the PCFA solid waste falls under utilities and Moody's has a better handle on New Jersey. That is why Acacia decided to go there first, she also thinks that the PCFA already had a Moody's rating at one point. Mr. Cannon stated that he thought that we did.

Mr. Williams replied to Mr. Pryor, he would like to follow up on the renewal replacement, from 2005 back to day one we had everything bonded, so there always was a renewal and replacement fund in place.

Mr. Pryor replied that yes, it was a little different path than you had, you had your official statement, you were on EMMA and everything else.

Mrs. Whelan replied you would still be on EMMA. Mr. Pryor asked who takes care of those filings for EMMA? Mrs. Whelan replied that they could if we wanted them to, they are dissemination agent to most of their clients that they service EMMA to. Mr. Pryor stated what they were talking about if he understands it correctly; any change in your status and update all has to be posted, so that your bond investors can follow you.

Mrs. Whelan stated if there was for example a downgrade you would have to reflect that on EMMA or any substantial change in your audited financials, something like that you would have to put on EMMA. For the most part, they just want you to report that you issued debt.

Mr. Cannon stated so it sounds like with all of the things we will need to put in there to back up a rating, and he believes that we have it all, Mrs. Whelan's best guess is that this program is the way to go because it is such a deal. Once we get that rating for the program, we could adjust if we want to do 10 million for 10 years whatever the case may be, that does not have any impact now when we present to them.

Mrs. Whelan replied right whatever the case may be, this is just for us to see and for you to consider how much contribution that you want to do. That is going to be another positive for you to the rating agencies that you are paying some of this on your own.

Mr. Cannon stated that this is not something that we have to decide today, he knows that Mrs. Whelan called Mr. Williams to talk about this but he wanted to make it clear for everyone else here that if it is 7, 10, or 6.5 whatever the number is, does not have to be decided today.

Mrs. Whelan stated nor do you have to consider the term right now, if you want to go for the useful life that is fair, if not you can go shorter. Generally speaking, 10 to 15 years is appropriate.

Mr. Cannon stated that he would like to see 10 on 10 just for the projection type of thing.

Mr. Pryor stated for his own understanding do you need the investment rating to be eligible for the trust? Mrs. Whelan replied yes, if not you would have to have a County guarantee.

Mr. Pryor stated that he would like to repeat what she said to make sure he understands it. It does not really matter what our Moody's rating is as long as it is investment grade. Therefore, we offer the minimum as far as guarantees and all of that goes. We get our investment grade rating, then we go to the trust and we are going to get what a AAA? Mrs. Whelan replied you would get a AAA or AA depending if you get insurance on the deal. Mr. Pryor stated ok that he understood.

Mr. Mach stated regarding the Chairman's comment a couple minutes ago he has a question that he raised with Mr. Williams because he could not understand it. On the spreadsheet that was put together in the year 2020 there is a set of figures for landfill expenses, they are not escalated at all, all the way out to 2033 any reason for that? Mrs. Whelan replied that was the number that they received from Mr. Williams. They can certainly escalate them at 1%, the other thing that they did was that they did not escalate the revenues other than the 1% increase in 2021 for the tip fees and then 1% in 2025 and another increase in 2019. They kept the revenues flat and that is why they kept the expenses flat. Now we can certainly add an escalation to them if that is what you would like.

Mr. Cannon stated that there was an increase almost every year with the tipping fees. We could boil it down if they require it. The corresponding expenses would also change.

Mrs. Whelan asked how much typically do your expenses increase in a year? Is it around 2% or more or less?

Mr. Mach replied with salary and wages it is 2% but the rest of them he would estimate at around 5%.

Mrs. Whelan replied oh, that much. Mr. Williams stated that he could find that out, he is not sure that it is that much.

Mr. Cannon stated that 2% for the salary and wages is a fixed percentage, the other percentages have a driving force. If we are taking in more waste, that is generating more money and that is more expense.

Mrs. Whelan replied to make it easy she thinks that we should assume 2% on both the revenue and the expenses. If it turns out to be more, then you can let us know, that is an easy fix. It should wash itself out. Mr. Cannon replied that should not do anything for our rating right? Mrs. Whelan replied no, your expenses you keep pretty much in line and that is a good thing from the rating agencies perspective.

Mr. Williams stated that if you look at the spreadsheet just as an example 2017 to 2019 everything actually dropped almost 2 million dollars. Mrs. Whelan replied yes.

Mr. Allen asked what accounted for that. Mr. Williams replied that we decreased the waste coming in.

Mr. Mach stated that what we are going to be doing is we are going to be adding material in the future. Mrs. Whelan replied because your adding capacity right, you are at a plateau right now. Mr. Mach and Mr. Williams both agreed.

Mrs. Whelan stated that the other thing that the rating agencies may ask is what is your practice with the rates? How much do you typically increase the gate rate in each year? Has it generally been at 1% every year?

Mr. Cannon replied that it has been more than that. Mr. Williams stated that he had given Mrs. Whelan a sheet a long time ago with the rate increases. In today's packet it is labeled as A-4 it lists all of the haulers and the rates throughout the years. Mrs. Whelan stated that yes they do have all of that but that Mrs. Brittany Whelan was not here today and she actually ran the numbers.

Mr. Cannon stated that the last few years have been consistently anywhere from 3% to 5%.

Mrs. Whelan replied ok that is perfect, that is a good number that is what they like to see. They like to see consistency with the cost of living and other increases.

Mr. Williams stated that the sheet he was referring to gives you 10 years of history. Mrs. Whelan replied ok, we will just take your actual percentage and then we will escalate the expenses whatever the change in the revenue had been. Mrs. Whelan continued that she thought it was important just from a proforma standpoint. Mr. Cannon stated that they understand the employees 2%, they probably understand it better than we do.

Mrs. Whelan stated that they see all of the budgets across the state.

Mr. Cannon stated ok, does anyone else have any questions or comments, he thinks that all of the documentation we may need will be fine. If we need to do something else later we have lots of options. This is just to show us what we are going to use to get a rating but those numbers can be tweaked along with terms. How much of the infrastructure we discussed is all upfront loaded here with Cell 7 and that is why it is a higher number, but we are setting the path a little easier for those that will follow us as far as Cell 6 down the road. We are taking a big chunk now to get those items done so that would have to be taken under consideration when we plug in a real number. As he stated before he would like to see 10 for 10.

Mrs. Whelan replied that they could do that.

Mr. Cannon stated that he thinks the numbers they have now they can work with.

Mr. Williams asked so where do we go from here now? Mrs. Whelan replied that they had spoken with Moody's and so far, this is what they have asked us for. They asked for your largest contract, which we have, all of your service contracts, the last five years of your audits and the most recent budget. Then when we send that to them they will review everything and then send us a list of questions, which we will share with you. You will be copied on our original submission and then they will set up a conference call.

Mr. Cannon stated that the only problem that he would see in those items you just listed is an asterisk with the budget because of what we did with our restriction of flow right now. Until we are expanded, you would need to have more budgets from previous years to demonstrate the true trend of what the budget would be. The last couple of budgets we did, we did it realistically with how much we are restricting the waste flow. Mrs. Whelan replied then we should probably get your last three budgets.

Mr. Williams stated you can go right on our web-site and get all of it. Mrs. Whelan replied ok great.

Mr. Cannon stated that he thought that Mrs. Whelan should get 5 years of the budget because the last couple were restricted, 5 would show more of the overall trend.

Mr. Williams stated that the only audit that is not on there now would be 2018 and we just received that one on Friday. Mrs. Whelan stated that Mrs. Brittany Whelan may have that one. Mr. Williams stated that she did not, we just got them in, but he could upload it.

Mr. Pryor stated that it was just his observation but spending 7 million we are still going to have almost a year remaining in unrestricted reserve and he would think that they would look at that very favorably. Mrs. Whelan replied very favorably and your other plus is your consistency that is what they like to see. Consistency with your expenses and consistency with your revenues.

Mr. Cannon stated there is garbage today, there will be garbage tomorrow and there will be garbage next week. It never changes it is always going to be rather consistent.

Mr. Cannon asked if anyone else had any questions or anything that Mrs. Whelan could get done now so that next time if you want to see something else like he had suggested the 10 for 10. Mr. Cannon continued with the life of Cell 7 being around 14 years, he likes that number, it will leave a little surplus and it may lower the payment a little bit more. This would give us a 4 year boost where they would not be paying any debt service and maybe more. With 4 or 5 years without any debt, it sets it up nice and easy for Cell 6 to be built. It will not be a high end Cell because again we are doing the

up-front costs of the entire infrastructure so it should enable them to have plenty of monies on-hand to take care of the whole project.

Mr. Cannon stated now, after Cell 6 is another story. But that is 25 years down the road so he thinks it sets it up nice for Cell 6, they pay for that with the monies made in that 5 years and they are able to then bring everything in that cell 6 produces to take care of the next theoretical 20 – 25 years.

Mr. Pryor stated that he wanted to repeat that so that he is sure that he understands it. Mr. Cannon replied sure.

Mr. Pryor stated that we finance this thing and we start paying our debt service from year one, and we go for the 10 years but Cell 7 has a life of 14 to 15 years so we accumulate more money. We then use that for our down payment for the next cell. Mrs. Whelan and Mr. Cannon stated yes the next cell. Mr. Cannon stated that not a down payment but rather because of the lower cost of what cell 6 would be, they should be able to pay the whole thing. If you look at what they gain in 5 years and then you can start the trend again that has no surplus going on so if you want to restrict flow and you want to just take in X amount you can do it. Now you are not a slave to the debt, you have the infrastructure done, you have the cells done, so if you want to just have a percentage of it being Warren County for example you will be able to do it. It will not be determined by the fiscal numbers, then you could extend it maybe more than 50 years. That gives them the option down the road where we do not have that option now.

Mrs. Whelan stated that they would revise the numbers and get them back to Mr. Williams and then they will send the package out to the rating agencies and we will let you know when they are ready to schedule a conference call and ask us a lot of questions.

Mr. Cannon stated just make sure Mr. Williams has everything and that the web-site has everything. He thinks that the more we hit them with and we have so much good information and good records to show the more we give them up-front the less requests we will get throughout the process.

Mrs. Whelan stated that it is always better to give them more information, it is transparency, you are not hiding anything here. Mr. Cannon replied that is exactly correct.

Mr. Cannon asked if anyone had anything else, then asked Mr. Tipton if he had anything with this as far as contracts or anything else. Mr. Tipton replied no that he was good.

Mrs. Whelan replied to the Board thank you all so much. The Board members all replied thank you.

Mr. Cannon stated so that was the Presentation and A-3 all at the same time, Mr. Williams do you have any reports.

Mr. Williams replied no.

*****Mrs. Whelan left the Boardroom at 10:18.***

Mr. Cannon asked ok so where are we next.

Advisor Smith asked what the monthly payment on the proposed financing scenario be.

Mr. Pryor stated that Mrs. Whelan has on the spreadsheet a debt service of \$1,100,000.00 annually. Advisor Smith stated that ok it would be roughly \$94,000.00 a month.

FACILITIES/RECYCLING

Mr. Cannon asked if Mr. Williams was ready to continue. Mr. Williams replied yes.

Treatment Plant Mothball Update

Mr. Williams stated that he was still waiting on the final report from Mott MacDonald on the mothball update, they are just about finished.

Landfill Operations

Mr. Williams stated that the landfill operations are running smooth, with the reduced waste flow coming into the facility.

Cell 7 Construction

Mr. Williams stated that there was nothing more to report on Cell 7. Mr. Cannon asked if we were going to discuss Cornerstone in Executive. Mr. Williams replied that yes, they would discuss Cornerstone in Executive.

Mr. Williams stated that they would jump down to A-4

H2S Removal System

None

Solar Panel Project

None

PERSONNEL

None

A-4 - 2019 Waste Disposal Fee Schedule

Mr. Williams stated that we have one new hauler, which is Direct Waste Services. They purchased Global.

Mr. Cannon replied so it is just a name change.

Mr. Williams stated it is a name change and it is actually a whole company change. Mr. Cannon stated that Global was existing and now they are going to be Direct Waste and the numbers are not changing, they are still going to be within the 3,000 to 4,000 tons. Mr. Williams replied nothing is changing but the name but we will need the Boards approval. Mr. Cannon stated that they would have to sign a new contract. Mr. Williams stated that yes, they would and he has it upstairs, none of the terms or anything changed. Mr. Pryor asked is it a new contract or are we assigning the old contract to the new company. Mr. Williams stated that it would be a new one because this is a new company name.

Mr. Pryor stated that it does not really change anything if you assign the old one, nothing changes if the new one is the same as the old one. Mr. Pryor continued that it is just the mechanics of it right Mr. Tipton? Mr. Tipton replied correct.

Mr. Cannon stated ok Mr. Williams do we need a motion for that. Mr. Williams replied yes we do. Mr. Cannon asked for a motion to change a contract on a company being purchased Direct Waste Services purchased Global Waste Services and existing company, there will be no changes in their agreement.

Mr. Pryor stated that he would make that motion.

Mr. Allen stated that he would second that motion.

Mr. Cannon asked if there were any further questions, then asked all in favor to say Aye.

Mr. Perez	- Aye
Mr. Mach	- Aye
Mr. Pryor	- Aye
Mr. Allen	- Aye
Mr. Cannon	- Aye

Mr. Cannon stated opposed, sustained, ok.

A-5 & A-6 Recycling of Tires and Electronics

Mr. Williams stated that the next items are FYI items. A-5 & A-6 the first one is the electronic recycling for the month of June as you can see how that skyrocketed up from May. Now that is an entire month in there, May was not an entire month. Mr. Cannon replied yes that is right but still those are great numbers.

Mr. Williams stated that, if it is not going to be higher than that in July it is going to be close.

Mr. Cannon asked the County gets copies of these right? The recycling of the electronics and tires.

Advisor Smith replied yes he believes that they are sent to SWAC right? Mr. Williams replied that he has not ever sent them there, he does not believe Mr. Dech has every asked for them. Mr. Williams stated that he could send them over at some point.

Mr. Cannon stated yes let us send them over. Advisor Smith yes he thinks that is great for you guys, it shows a need is being addressed.

Mr. Williams stated that the program is actually working pretty well, no issues. Mr. Cannon stated it is working very good, let us be honest here how many pallets are you going through and you're not even advertising. Mr. Williams replied well since this was done in the month of July he thinks that they have probably done at least 3 truckloads. He believes two went out while he was on vacation last week.

Mr. Cannon stated that last month they had 12 pallets, one truck full. Then we had an additional 6 pallets so then we had 18 pallets in a soft opening of 2 ½ weeks – without advertising. Then we talked about the advertising and decided that we did not need or want the advertising yet.

Mr. Cannon continued so how many trucks have we have had from that time? Mr. Williams replied that we have done three more. Mr. Cannon stated so that is another 36 pallets.

Mr. Williams stated that we had two truckloads sitting on the ground before he left to go on vacation last week.

Mr. Cannon stated that he thinks it is outstanding, between the staff absorbing this and just picking it up and running with it he would like to commend everybody and he hopes that Mr. Williams will pass it on to his staff. He thinks it is just fantastic. Mr. Cannon remembered that they had to fight a long way to get the electronics thing figured out and now we are there and coupling this with the tires, he thinks it is just fantastic for the county.

Mr. Pryor stated that he would just like to second the Chairman's remarks kudos to the staff.

Mr. Williams stated that the most difficult part and it really was not that difficult. E.R.I. was also surprised (that is the hauler that picks the electronics up) at how quickly we are collecting what we are collecting. They are actually shocked that we are getting that many in.

Mr. Allen asked, the hauler is shocked? Mr. Williams replied yes and they do this all the time this is their business. Mr. Allen asked and this is three half days that you are doing this. Mr. Williams replied correct and everybody is glad that it is happening the customers that use the facility are happy that we are finally doing it. There has been no disgruntled people and it is just really working out well.

Mr. Cannon stated that he was thinking about this the other day and was wondering what our status is on mattresses he knows we attempted it back in the day because they are space killers. Is there market research that shows that it is not going to be re-sold when we see these little signs on the side of the road saying used mattresses, we do not want to go that way.

Mr. Williams stated that no one is taking them out of our dumpsters. Mr. Cannon replied that he hears what Mr. Williams said but what are we doing with them, are we putting them into the landfill?

Mr. Williams stated that we would only take them from residents we do not take them from businesses. Mr. Cannon state that Sleepy's cannot show up with a load of mattresses right?

Mr. Williams replied we do have a rate in place if someone does come in with a load of mattresses even though we are rejecting. We put this in place years ago just in case, it is around \$250.00 per ton it is a lot. Mr. Cannon stated that you are not getting them though right? Mrs. Banghart replied that they had one in the eight years that she remembers.

Mr. Cannon asked what kind of number are we doing on the residential mattresses? Mr. Williams replied we do get them in occasionally he would say a few times during the week. Mr. Cannon asked how many 10 per week, 20 per week, 30 per week? Mr. Williams stated that he did not know. Mr. Cannon asked Mr. Williams to guess. Mr. Williams stated that honestly he did not know.

Mr. Cannon asked if there was a market for them, where is Sleepy's taking them? Mr. Williams stated that he had no idea. There used to be a shredding facility up in Massachusetts, whether or not it is still there he has no idea.

Mr. Williams stated that at one point we did a study here and actually had the D.E.P. involved which allowed us to set a new tariff for the mattresses because of the airspace usage. No one in the whole state had done that before. Mr. Allen asked was this to limit the number that you were getting in because of the space? Mr. Williams replied correct. Mr. Allen asked where are the commercial ones going? Mr. Williams replied that he had no idea. But not here.

Mr. Williams stated that the next chart is the June Tire collection way down from the month of May but that is still ok, we have collected one hundred and twenty-nine of them in the month of June so the program is also still working well.

Mr. Williams stated that that was all that he had.

PUBLIC COMMENTS (AGENDA ITEMS ONLY)

Mr. Cannon asked Advisor Smith if he would like to talk about anything in public. Advisor Smith stated that he did not.

GENERAL COUNSEL'S REPORT

Mr. Cannon asked Mr. Tipton if he had anything he would like to talk about in public session. Mr. Tipton stated that he did not.

NEW BUSINESS

Mr. Cannon asked if anyone had any new business, other than what he brought up with the mattresses.

Mr. Cannon stated that we would go into Executive session for two contracts. Mr. Williams stated yes, correct, two contracts.

Mr. Cannon stated that he needed a motion to go into executive session.

Mr. Allen stated that he would make a motion to enter into an Executive Session.

Mr. Mach stated that he would second the motion.

Mr. Cannon replied thank you. All in favor of going into Executive Session say Aye:

ROLL CALL:	Mr. Allen	- Aye
	Mr. Pryor	- Aye
	Mr. Mach	- Aye
	Mr. Perez	- Aye
	Mr. Cannon	- Aye

Mr. Cannon stated opposed, none, sustained.

EXECUTIVE SESSION

**Executive session started at 10:25*

AUTHORIZING EXECUTIVE SESSION

WHEREAS, the Authority has a need to discuss the following matter(s) in Executive Session:

****Contract Negotiations****

Covanta Contract

Cornerstone Contract

It is not possible, at this time, for the Authority to determine when and under what circumstances the above-referenced item(s), which are to be discussed in Executive Session, can be publicly disclosed;

NOW, THEREFORE, Pursuant to N.J.S.A. 10:4-1 et. seq., BE IT RESOLVED by the Pollution Control Financing Authority of Warren County that the matter(s) as noted above will be discussed in Executive Session.

Moved By: **Mr. Allen**

Seconded By: **Mr. Mach**

ROLL CALL: Mr. Allen - Aye
 Mr. Pryor - Aye
 Mr. Mach - Aye
 Mr. Perez - Aye
 Mr. Cannon - Aye

I hereby certify the above to be a true copy of a resolution adopted by the Pollution Control Financing Authority of Warren County on the date above mentioned.

Recording Secretary
Mariann Cliff

Dated:

Mr. Cannon stated that he needed a motion to come out of Executive session.
Mr. Allen made a motion to come out of Executive Session, seconded by **Mr. Pryor**.

Mr. Cannon stated all in favor say aye to come out of Executive Session.

Mr. Mach	-	Aye
Mr. Pryor	-	Aye
Mr. Allen	-	Aye
Mr. Perez	-	Aye
Mr. Cannon	-	Aye

Mr. Cannon stated we are officially out of executive session.

****Executive Session ended at 11:30***

****Public Session resumed at 11:30***

Mr. Cannon stated that the Executive Session would reflect in the minutes that we had contract discussions about Covanta and Cornerstone. Mr. Cannon asked if there was anything else for public. Mr. Williams stated that we are going to need approval to release executive session minutes.

Mr. Cannon asked if anyone would like to formulate or Counsel would you like to formulate a vote as to how we are going to deal with the Executive Session minute request from the Freeholders of Warren County?

Mr. Tipton stated that he would try to take that one. If the will of the Board is to get the executive session minutes from January to June 2019 to the Freeholders as requested. His recommendation or advice would be that you would need to authorize them to be made public first by just a simple vote and then release them to the Freeholder Board.

Mr. Cannon asked if anyone would like to make a motion as to counsel's recommendation as to releasing these specific executive session meeting minutes to the public.

Mr. Cannon stated hearing none he guesses that will not go anywhere.

Mr. Allen stated that he would reluctantly make that motion to release to the public these specific executive session meeting minutes.

Mr. Cannon asked if there was a second motion.

Mr. Perez stated that he would second the motion.

Mr. Cannon stated that he would like to call the roll on this one.

ROLL CALL:	Mr. Perez	-	No
	Mr. Mach	-	Yes
	Mr. Pryor	-	No
	Mr. Allen	-	No
	Mr. Cannon	-	No

Mr. Cannon stated that that failed, are there any other things for open session? Hearing none can he have a motion for adjournment?

ADJOURNMENT

Mr. Cannon called for a motion to Adjourn.

Mr. Allen made a motion to Adjourn, seconded by *Mr. Pryor*, at 11:58 am.

Mr. Cannon asked if there were any questions, then stated all in favor say Aye.

ROLL CALL:	Mr. Mach	-	Aye
	Mr. Pryor	-	Aye
	Mr. Allen	-	Aye
	Mr. Perez	-	Aye
	Mr. Cannon	-	Aye

Mr. Cannon stated oppose, none, sustained.

Respectfully submitted by:

Mariann Cliff

Recording Secretary

Approved: